

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 2751 – HB 3206**

February 1, 2010

**SUMMARY OF BILL:** Eliminates additional unemployment insurance benefits paid to claimants for each minor child supported by the claimant. Eliminates additional unemployment insurance benefits paid to claimants during periods of high unemployment.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$94,538,700/One-Time/  
Unemployment Insurance Trust Fund**

Assumptions:

- In 2009, Tennessee received approximately \$141,808,000 from the U.S. Department of Labor as an incentive payment to implement unemployment insurance programs.
- Eligibility for two-thirds of the maximum incentive payment is conditioned on state law containing two of the four following provisions:
  - Unemployment compensation (UC) is payable to certain individuals seeking only part-time work.
  - An individual is not disqualified from UC for separations due to certain compelling family reasons.
  - An additional 26 weeks of UC is paid to exhaustees who are enrolled in and making satisfactory progress in certain training programs.
  - Dependents' allowances of at least \$15 per dependent per week, subject to a minimum aggregation, are paid to eligible beneficiaries.
- According to the Department of Labor and Workforce Development, state law currently contains provisions for the first and fourth above. The Department of Labor and Workforce Development was given one year from when the funds were received (June 2009) to comply with the provisions of the agreement. Agency Information Technology staff have been working to implement the fourth provision listed above by June 25, 2010.
- According to the Department of Labor and Workforce Development, this bill will cause the state to breach the terms of the agreement with the U.S. Department of Labor by eliminating the fourth provision listed above from state law.
- Failure to comply with the agreement would result in a one-time increase in state expenditures from the Unemployment Insurance Trust Fund of approximately \$94,538,700 (66.6% x \$141,808,000). The state would be required to pay back two-thirds of the funds received from the Department of Labor and Workforce Development.

- The American Recovery and Reinvestment Act (ARRA) authorized federal funding for the state's 13-week Extended Benefits program. ARRA authorized states to amend their laws to allow for 20 weeks of entitlement using federally funded Extended Benefits during periods when the state's unemployment is over eight percent. Tennessee's Extended Benefit program would revert to a 13-week entitlement rather than a 20 week entitlement.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

/jaw